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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Identify  
Disadvantaged Communities in the San  
Joaquin Valley and Analyze Economically  
Feasible Options to Increase Access to  
Affordable Energy in those Disadvantaged  
Communities.

Rulemaking No. 15-03-010  
(Filed March 26, 2015)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 G)  
CASE MANAGEMENT STATEMENT**

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**I. INTRODUCTION**

Pacific Gas and Electric Company ("PG&E") submits this Case Management Conference Statement (Statement) pursuant to the "*Administrative Law Judge's Ruling Setting Second Prehearing Conference and Requiring Additional Information from the Parties*," issued August 15, 2017 (Ruling), and the Administrative Law Judge's (ALJ) electronic mail ruling issued August 29, 2017.

PG&E appreciates the opportunity to assist the Commission in analyzing economically feasible options to increase access to affordable energy in designated San Joaquin Valley (SJV) Disadvantaged Communities (DAC). The Ruling directed parties to present initial proposals for pilot demonstration projects, proposals for gathering data regarding DACs, and proposals for management of the proceeding. The Ruling further stated that "Parties will also have additional opportunities to respond to questions set out in the scoping memo at a later date."<sup>1/</sup> In line with the Commission's direction, PG&E provides its initial positions in response to requests for information, and anticipates reevaluating its positions as it receives additional information during this proceeding. PG&E reserves the opportunity to provide additional or revised responses after the scoping memo is issued.

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1/ Ruling, p. 2.

This Statement presents three pilot demonstration projects. The proposals are designed to address several important policy goals, notably to increase access to affordable energy in a cost-effective manner,<sup>2/</sup> but also to promote the health, comfort, and safety, to provide cleaner energy, and to investigate the potential for bill reduction. A one-page summary of the proposals is attached at Exhibit A. The three pilots are as follows:

Pilot Project Proposal	Summary Description
1. Whole-Home Electrification / Community Solar Pilot	Pilot provides full home electrification with opportunity for 100% usage supplied by a local solar project. Pilot would reach 100-150 households and offer new, upgraded electric appliances. The local solar element of the proposal is modeled off PG&E's proposal in the NEM 2.0 Phase II proceeding and is designed to reduce energy bills, reduce GHGs, and provide local community solar presence. Pilot estimated cost is \$9 million and would take 2.25 years to implement. (Exhibit B).
2. Gas Microgrid Pilot	Pilot provides portable natural gas service system to community with no existing natural gas in Le Grand. Pilot would reach 500-520 households. Trucks deliver CNG tube trailers to designated community sites and customers receive natural gas directly to their homes through new distribution main and service lines. Pilot is designed to reduce pollutants and reduce household energy burden. Pilot estimated cost is \$15.4 million and would take 2.5 years to implement. (Exhibit C).
3. High-Density Gas Extension Pilot	Pilot provides gas pipeline extension to select communities with existing natural gas. Pilot would reach 50-160 households and is designed to reduce pollutants and reduce household energy burden. Pilot estimated cost is \$4-7 million and would take 2.5 years to implement. (Exhibit D).

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2/ See, Public Utilities Code Section 783.5 (c) ("The commission shall determine whether any of the options analyzed in the proceeding would increase access to affordable energy in a cost-effective manner").

Exhibits B-D contain detailed descriptions of the scope and goals of each project, including a rough estimate of the costs to implement each pilot. Cost recovery must be an issue included within the scope of this proceeding, as PG&E does not have the funding to implement the proposals. The proceeding should adopt a schedule that provides for investigation of costs estimates, develops a record sufficient to support a decision approving full recovery of costs, and approves mechanisms to track, record, and include costs in appropriate rate recovery accounts. A related cost recovery issue is whether cost recovery will or should be authorized from all customers or limited to customers in DACs that receive direct benefit from implementation of a pilot. The Commission should decide these issues before costs are incurred.

## **II. PG&E'S RESPONSES TO CASE MANAGEMENT STATEMENT QUESTIONS**

### **A. PHASE II: TRACK 1 – PILOT PROJECTS**

- 1. Provide additional feedback on the scope to be considered for the pilot project track of the proceeding. In doing so consider the Pilot Team proposal filed and served on August 11, 2017, and address the following:**

#### **PG&E Response to 1.**

Phase II of this proceeding contains two tracks: a pilot project track and a data gathering track. The Ruling contains a comprehensive list of issues to be considered for the pilot project track, and these issues are appropriate to include in a scoping memo.

Regarding the Pilot Team's revised proposal filed and served on August 11, 2017, PG&E incorporates its comments filed on August 25, 2017.<sup>3/</sup> PG&E's filing highlighted the following comments:

- PG&E did not oppose the selection of the communities identified by the Pilot Team, with one exception.<sup>4/</sup> PG&E agreed with the Pilot Teams' recommendation to

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3/ *Pacific Gas and Electric Company's (U 39 G) Comments to The Revised Joint Statement of Self-Help Enterprises, Leadership Counsel for Justice and Accountability and the Center On Race, Poverty and the Environment Regarding the Selection of Communities to Host Demonstration Projects and Motion For Administrative Law Judge Ruling, R.15-03-010 (August 25, 2017).*

4/ The Pilot Team's nomination of 11 DACs includes one community, Monterey Park Tract, that is not one the 170 designated as DACs in this proceeding. Only communities deemed to be a DAC

conduct workshops to provide stakeholders better and more transparent understanding of the criteria used to select the 11 DACs to the exclusion of other DACs from nomination to host pilot projects.

- PG&E recognized the critical role community-based organizations (CBOs) and local governments play in the success of demonstration projects, making them essential partners in public engagement.
  - Cost-effectiveness is a critical criterion in the selection of any DAC for a pilot project. A pilot cannot be successful if it is economically infeasible to replicate pilot results to other DACs.
  - PG&E agrees that community interest is an important factor when selecting possible demonstration project locations, however, the parties should exercise care to avoid selecting a community prematurely based on a community's desire to participate. It is possible a highly-engaged community is also the least cost effective.
- a. What types of pilot projects should be considered? Discuss how the scoping memo should address factors to be considered for approval of pilot projects, and why? Discuss factors such as: suite of technologies, financing, rates, and other interventions for each pilot in as much detail as possible.**

**PG&E Response to 1.a.**

PG&E proposes three pilots summarized on page 2. Detailed pilot project proposals are attached at Exhibits B-D, and a pilot summary is at Exhibit A.

- b. In how many of the 170 disadvantaged communities (DAC) identified in the Phase I decision might each pilot be replicable? Discuss considerations for choosing proposed pilot locations, including whether location is essential to the pilot design, and describe why that location is essential.**

**PG&E Response to 1.b.**

PG&E's pilot project proposals (Exhibits B-D) address the potential of each pilot to be replicated in other DACs.

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in Phase I of this proceeding should be considered for pilot projects.

- c. Should the DACs proposed by the Pilot Team be prioritized for pilot project consideration? Why or why not? What if any other DACs should be considered?**

**PG&E Response to 1.c.**

The DACs proposed by the Pilot Team should be prioritized for consideration for the reasons stated in the Pilot Team’s Revised Joint Statement. The Pilot Team expended considerable effort and time in collecting data and conducting outreach in various communities and facilitated genuine conversation to gain insights from customers on a personal level and engender trust and understanding in a way that is unique to CBOs. For this reason, PG&E has proposed two pilot projects (electrification with community solar and gas microgrid) prioritized in the Pilot Team’s proposed DACs. However, PG&E’s gas line extension project recognizes the potential benefits of considering pilots in communities outside of the Pilot Team’s proposed DACs and has considered these other DACs for reasons identified in the gas line extension description.

Additionally, the process the Pilot Team undertook to identify the current nominated list of 11 DACs may require additional explanation. For example, at the September 6, 2017 prehearing conference, Self-Help Enterprises, a member of the Pilot Team, identified a “Matrix of Criteria” that it relied upon,<sup>5/</sup> but PG&E was not aware of the existence of a Matrix before the conference. PG&E does not know what factors comprise the Matrix, or how the Pilot Team applied the Matrix. It is partially because of this lack of knowledge that PG&E agreed with the Pilot Team’s Joint Statement recommendation to conduct a workshop to discuss its DAC selection criteria. PG&E does not wish to arbitrarily exclude residents living in other DACs from consideration. Further work in this proceeding may identify other DACs that are equally or more appropriate to serve as host to a pilot project. PG&E believes this issue should remain

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<sup>5/</sup> *Order Instituting Rulemaking to Identify Disadvantaged Communities in the San Joaquin Valley*, Prehearing Conference Transcript, September 6, 2017, p. 170, lines 15-22 (“Self-Help Enterprises not only considered those things, but we came up with what we’re calling a “Matrix of Criteria”).

within the scope of this proceeding, and the stakeholders remain flexible to leave open a possibility of adding additional communities.

- d. What factors or criteria are important for selecting pilot projects (both the DAC and the type of project)? Rank the criteria from most important (1) to least. Parties may also provide a recommendation regarding weighting of each criterion.**

**PG&E Response to 1.d.**

See PG&E's pilot project proposals (Exhibits B-D).

- e. In order to apply the criteria proposed in your case management statement, will additional data need to be collected? If so who will collect this data?**

**PG&E Response to 1.e.**

See PG&E's pilot project proposals (Exhibits B-D).

- f. For extension of natural gas pipelines which DACs would allow for the most economically feasible or cost effective pilot projects?**

**PG&E Response to 1.f.**

See PG&E's pilot project proposal, High-Density Gas Extension Pilot (Exhibit D).

DACs requiring the least amount of pipeline and the fewest service lines would allow for the most economically feasible or cost effective pilot projects, to the extent any gas pilot project could be characterized as economically feasible or cost-effective. However, larger projects such as Le Grand should not be overlooked since it provides innovative approaches to serving communities, and helping drive down GHG and climate pollutants (Exhibit C). More time is necessary to identify and analyze which DACs eligible for gas pipeline extension allow for the most economically feasible and cost-effective pilots.

- g. How should pilot project funding mechanisms, considering both existing programs and potential for new programs be addressed in the scoping memo? How much funding is needed? What existing Commission programs could provide funding assistance for pilot projects? Specifically comment on considerations for funds that may be available through the utilities California Alternative Rates for Energy (CARE)/Energy Savings Assistance (ESA) allocations for appliance replacement, and whether programs such as Virtual Net Energy Metering (VNEM) offer potential opportunities for Pilot Projects to be implemented.**



### **PG&E Response to 1.g**

The Commission recognized that resolution of Phase II of this proceeding could have potential rate impacts.<sup>6/</sup> A Commission decision in a Phase II ratesetting phase that authorizes pilots should include an evaluation of the proposed pilots and the forecast costs of implementing the pilots. After an opportunity for comments by interested parties on the proposed pilots, the Commission should issue a decision approving, disapproving or modifying the pilots and approving the reasonable costs of the pilots for recovery in rates subject to one-way balancing account treatment. Specifically, PG&E requests the Commission authorize recovery of these incremental costs in electric and gas distribution rates for the electrification and the gas line extension and “gas microgrid” pilots, respectively. PG&E will continue to provide details of the activities and related costs associated with these pilots for review and approval by the Commission as part of Phase 2 of this proceeding.

For the electrification portion of the Electrification and Community Solar pilot, PG&E proposes to add a one-way balancing account procedure to the Distribution Revenue Adjustment Mechanism (DRAM) to recover its electric revenue requirements based on actual expenses and capital expenditures. This would cover the costs for the electric appliances that would replace the propane appliances, as well as any electric service upgrades required to accommodate the increased electric load. Additionally, PG&E would also seek funding from existing programs managed by PG&E or other parties that could apply to this element of the pilot. Additional information on funding sources can be found in the pilot description (Exhibit B)<sup>7/</sup>. To the extent that PG&E is successful attracting and/or applying such funds, they would provide an offset to the amounts recovered through DRAM.

For the Community Solar portion of the Electrification and Community Solar pilot, PG&E will seek recovery of the incremental costs needed to make IT changes to its existing

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6/ D.17-05-014, p. 38.

7/ Examples include ESA, Federal and/or ARB Weatherization Funds, GGRF funds, Proposition 39 School Energy Efficiency Funds.

Green Tariff Shared Renewables program, and to provide the premium buy-down and other program support costs preferably from the GGRF funds managed by the California Air Resources Board. A secondary option would be from the GHG Climate Credit funds. In the event neither source of funds are available, PG&E would seek other sources as appropriate. If insufficient funds are available from these sources, PG&E would recover the remaining costs through ERRA.

For the gas line extension and gas microgrid pilots, PG&E proposes to add one-way balancing account procedures to the Core Fixed Cost Account and Noncore Customer Class Chare Account to recover the revenue requirements from its core and noncore gas customers<sup>8/</sup> based on actual expenses and capital expenditures associated with the installation of gas distribution facilities, installation of gas storage tanks, and retrofitting/replacement of the propane-fueled appliances. PG&E will include in rates the revenue requirements up to the amounts adopted in this Phase 2.

Additionally, for the gas microgrid pilot, PG&E believes this is a good opportunity to not only serve these communities with cleaner options such as natural gas, but provide renewable natural gas to these communities. In order to ensure the community energy rates are at parity or lower, an RNG tariff would need to be created for these communities to defray the higher costs associated with RNG relative to natural gas. Financial support for this “buydown” would be sought from the GGRF, or as a fallback, PG&E’s GHG Climate Credit funds. PG&E would be supportive of such a tariff and believes it not only aligns with this rulemaking, but also the State’s efforts to reduce GHG emissions and its focus on disadvantaged communities.

As a general matter, PG&E is uncertain whether existing Commission programs can provide any funding assistance for these pilot projects. As the Center for Accessible Technology (CforAT) noted at the recent prehearing conference, funding authorized in other proceedings is

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8/ The allocation of costs between core and noncore gas customers will be based upon the adopted Distribution Base Revenue Requirements cost category allocation shown in Gas Preliminary Statement Part C. *Gas Accounting Terms and Definitions*, 3. *Cost Allocation Factors*, a. *General*.

often limited to the purposes of those proceedings, and is not available to be repurposed for use in another proceeding.<sup>9/</sup> To provide assurance that funds in another proceeding are available for use in a SJV DAC, the most certain approach would be to ensure an order in the other proceeding expressly includes authorization to transfer funds for use in this SJV DAC proceeding.

The ALJ's requests for information also inquired into the availability of VNEM funds to assist in this proceeding. PG&E does not believe that VNEM would be a viable solution for this proceeding, for the same reasons identified in its comments on the use of NEM alternatives in DACs filed in the existing NEM proceeding, *Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering*, R. 14-07-002. PG&E provided eight reasons why VNEM is not appropriate.<sup>10/</sup>

- h. What if any new programs should be developed to implement pilot projects that would allow for affordable energy to be brought to DACs in the San Joaquin Valley?**

**PG&E Response to 1.h.**

PG&E is not aware of new programs that should be developed to implement proposed pilot projects.

- i. Provide any additional comments regarding location and type of pilot project not already included elsewhere in your responses.**

**PG&E Response to 1.i.**

PG&E does have additional comments to offer beyond those provided in this Statement.

- 2. How should the scoping memo address evaluation of pilot projects, once they are implemented?**

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9/ *Order Instituting Rulemaking to Identify Disadvantaged Communities in the San Joaquin Valley*, Prehearing Conference Transcript, R.15-03-030, September 6, 2017, p. 215, line 17 – p. 216, line 9.

10/ *Pacific Gas and Electric Company (U 39 E) Opening Comments on Party Proposals for NEM Alternative for Customers in Disadvantaged Communities*, R. 14-07-002, pp. 9-26 (May 26, 2017).

**PG&E Response to 2.**

Please see PG&E's pilot project proposals (Exhibits B-D). PG&E is continuing to work on appropriate evaluation methods.

**a. What should the evaluation criteria, methods, and funding mechanisms be?**

**PG&E Response to 2.a.**

Please see PG&E's pilot project proposals (Exhibits B-D). PG&E is continuing to work on appropriate evaluation methods.

Regarding funding mechanisms, PG&E incorporates its response to request for information Track 1, Question 1.g (pp. 7-8). The Commission's Decision on Phase II should authorize full recovery of costs associated with efforts needed to complete pilot projects, and identify and authorize rate mechanisms to recover these costs.

**b. How should that evaluation feed into longer-term programs to be considered in this proceeding?**

**PG&E Response to 2.b.**

The results of pilot projects should be evaluated to determine whether they are appropriate to replicate in appropriate DACs on a permanent, non-pilot, basis. Please see Exhibits B-D for additional comments.

3. **On July 31, 2017, Southern California Edison distributed to the service list a report entitled *Community Energy Options Assessments: Background Information*. That report is attached herein (see Attachment A). Please comment and provide feedback on the report.**

**PG&E Response to 3.**

PG&E does not have additional feedback to provide on SCE's report. The report appears to accurately summarize comments made at the Community Energy Options meeting.

**B. PHASE II: TRACK 2 – DATA GATHERING AND ASSESSMENT**

1. **ORA's proposed procedures provide a general framework for a starting point; however the scope proposed needs to be narrowed, more specific information as to expectations provided, and the timeline revised. The parties are to consider the ORA general proposal and present revised procedures and timeline considering the following:**

### **PG&E Response to 1.**

PG&E proposes a timeline to complete a data gathering process in response to Phase II – General Questions, Question 4 (pp. 19-21), seeking a proposed proceeding schedule.

On July 10, 2017, PG&E provided comments to the ORA Data Gathering proposal.<sup>11/</sup> PG&E generally supported ORA’s data gathering proposal, however, following receipt of parties’ comments to that proposal, PG&E agrees with narrowing the scope and outcomes.

- a. As noted by some of the parties the issuance of a request for proposal and selection of a contracted consultant would take significantly longer than proposed by ORA. Additionally, a consultant retained by the Commission may not be the most efficient use of resources to collect data, as the Utilities may already have some of the data needed and be in the best position to gather additional data. Are the Utilities in coordination with other parties working in the DACs in the best position to compile data.**

### **PG&E Response 1.a.:**

A consultant retained by the Commission would be the best resource to collect data regarding characteristics of a DAC. As stated in PG&E’s Input on ORA’s Proposed Data Gathering Framework, “the Study Consultant should be an independent entity and separate from an interested party to this proceeding. Selecting a Study Consultant from outside of the proceeding may reduce intentional and unintentional bias in the results.”<sup>12/</sup> As a single point of contact and overall project manager, a consultant would offer consistency in approach, leading to more defensible results. This consultant could work across the IOUs, community organizations, and community residents to gather data in a uniform way and present that data in a consistent format. A consistent format allows for more reliable data comparisons and insights. PG&E would be willing to provide local contacts to the consultant in order to assist in data gathering efforts.

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11/ *Response to Administrative Law Judge Ruling for a Proposed Data Gathering Framework and Timeline of the Office of Ratepayers Advocates*, R.15-03-030 (June 30, 2017).

12/ *Response to Administrative Law Judge Ruling for a Proposed Data Gathering Framework and Timeline of the Office of Ratepayers Advocates*, R.15-03-030, Attachment B, pg. 19 (June 30, 2017).

In addition, this consultant could compile data that is not readily available in PG&E's CARE and ESA forms. PG&E could obtain market data from existing resources. However, there would be costs associated with obtaining this additional data and it is not evident that it would be useful or relevant to SJV DACs.

- b. Each Utility is to provide a timeframe within which it would be able to prepare and submit a study proposal to the parties for comment. The proposals would include identification of existing data and mechanisms for collaborating with entities that could assist with data collection, such as other parties and external consultants. The proposals would address funding and consultant contracting mechanisms if needed for collecting and compiling data.**

**PG&E Response 1.b.:**

PG&E believes the ORA proposal revised by party's comments is appropriate for the Commission to act on, and submission of another data gathering proposal may not be needed. Nevertheless, if an additional proposal is necessary, PG&E believes three weeks after the scoping memo is issued will provide a reasonable timeframe to able to prepare and submit a study proposal to the parties for further comment.

- c. Sierra Club and TURN recommended narrowing the scope of ORA's proposal and that items removed from ORA's proposed data collection scope would be better addressed through party comments or input. Do the parties agree with this recommendation? Why or why not? Provide a list of the issues or items that should be part of the data collection, and issues or items that would be best addressed through Party comment.**

**PG&E Response 1.c.**

PG&E agrees with narrowing the scope of ORA's proposal in the manner suggested by Sierra Club and TURN. Removing these subjects from the scope of ORA's data collection proposal would not hinder the results of the study for this proceeding, and these removed subjects would be better addressed through party comments or input in order for the data collection to be timely and feasible.

As Sierra Club recommended, the study scope should be limited to: 1) detailing the characteristics of current sources of energy; 2) estimating current energy costs (to later

calculate energy burden); and 3) identifying infrastructural and participation barriers that may prevent households from accessing the new programs.

PG&E also gives special consideration to the collection of information on social participation barriers such as language, internet access, or distrust of the government or utilities. These are critical factors to provide data on customer preferences and will assist PG&E in better understanding customer insights. These types of data collection should be done in collaboration with local community groups.

**d. Provide comments on the Sierra Club's recommendation for survey data points and the edited attached table (*see* Attachment B). Please provide responses as to the following:**

- i. Do parties recommend any additions or deletions to the items listed in the table?**
- ii. Additional ideas on how to collect data?**
- iii. Have any of the listed data items already been collected and/or assessed? If so please provide additional information on how to access the data.**
- iv. Utilities to provide information on whether utility records contain data and/or whether data could be obtained or created from existing information or utility resources. If data could be obtained or created from existing information or resources, the utilities should briefly state how difficult it would be to do so, and how reliable the information would likely be.**

**PG&E Response 1.d.**

- (i) PG&E recommends removing from Attachment B, pages 2-3, the statement that utility records are available for age of home, whether a home is a manufactured home, and square footage of home. PG&E does not actively collect this data. Additionally, for the bill transiency/tenancy category, PG&E is only able to provide data on whether a customer rents or owns their home and how long they have been on record as a customer at their current address. If additional data is required for bill transiency/tenancy, parties would need to source that data in other ways.
- (ii) PG&E does not have additional ideas on how to collect data beyond the methods identified in Sierra Club's table attached to the Ruling.

- (iii) PG&E collects data on current energy source (with limited availability: home heating, water heating, home cooling, cooking, clothes drying, insulation); current energy costs (electricity and gas, annual and seasonal); attributes of home (with limited availability: rent/own, age of home, type of home, square footage); and demographics (with limited availability: household income by range, address, household size, and disabilities). PG&E routinely collects this information contained on its CARE and ESA forms. PG&E attaches a blank copy of the relevant CARE and ESA forms as Exhibits E and F, to provide information of the information regularly gathered by the utility. PG&E has not collected or gathered other data information identified on Sierra Club's table.
- (iv) PG&E tracks data beyond CARE and ESA forms. However, it is not evident that this additional data is useful and relevant to San Joaquin Valley DACs. PG&E could obtain market data from existing resources. However, there would be costs associated with obtaining this additional data and it is not evident that it would be useful or relevant to a study of SJV DACs.
- e. What information is already available regarding participation barriers to existing programs that serve DACs without gas in the San Joaquin Valley (e.g., information in the California Energy Commission Barriers report, other Commission proceedings, 2016 Low Income Needs Assessment (LINA Study), CalEnviroScreen, and research or reports by universities or other entities)?**

**PG&E Response 1.e.**

Beyond the examples provided in this question, PG&E is not aware of already available information regarding participation barriers to existing programs that serve DACs without gas in the San Joaquin Valley.

- f. How should the scoping memo address funding mechanisms, considering both existing programs and potential for new programs to be developed out of this rulemaking? For example: what funding sources are available for data collection and assessment? What existing Commission programs or funding sources should be considered in examining project economic feasibility? What if any new programs should be developed to implement projects that would allow for affordable energy to be brought to DACs in the San Joaquin Valley? Specifically include discussion of programs such as VNEM, and CARE/ESA, in discussion of**



**existing program offerings that could provide funding to projects proposed in this proceeding.**

**PG&E Response 1.f.**

PG&E incorporates its response to question Track I, Question 1.g (at pages 7-8).

**C. PHASE II- GENERAL QUESTIONS**

**1. Given the unique nature of this proceeding, provide comments on the following:**

**a. Categorization as ratesetting or quasi-legislative for Phase II: Track 1 and Phase II: Track 2?**

**PG&E Response 1.a.**

ALJ Houck correctly stated, “[T]he Phase 1 Decision did preliminarily designate Phase 2 as rate setting. At this point, absent something that comes out in comments on September 20, it is our inclination to have the proceeding for Phase 2 be rate setting....”<sup>13/</sup> The ALJ’s conclusion is consistent with Commission Rule of Practice and Procedure 1.3(e) that defines “ratesetting” proceedings as “proceedings in which the Commission sets or investigates rates for a specifically named utility (or utilities), or establishes a mechanism that in turn sets the rates for a specifically named utility (or utilities).” PG&E has provided notice that it seeks appropriate funding mechanisms be established for complete rate recovery in this case, making a “ratesetting” designation appropriate.

**b. Should there be more public participation hearings and workshops in the proceeding to ensure a complete record as to the positions of the parties, the communities impacted by the proceeding, and ratepayers generally? Parties are to provide comments on the following:**

- i. The number and location of public participation hearings;**
- ii. The number and location of additional community, Pilot Team, or other workshops; and**
- iii. What are the best mechanisms to ensure that DAC**

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13/ *Order Instituting Rulemaking to Identify Disadvantaged Communities in the San Joaquin Valley*, Prehearing Conference Transcript, R. 15-03-030 September 6, 2017, p. 230, line 23– p. 231, line 3. *See*, D. 17-05-014, at page 38 (“Due to potential rate impacts, the Commission anticipates Phase II of the proceeding will be categorized as ratesetting”).

**perspectives and circumstances are included as part of the record in the proceeding?**

**PG&E Response 1.b.**

(i) PG&E recommends that community solicitation and input occur continually throughout this proceeding. PG&E believes that community meetings and workshops will be vital to the ultimate success of the pilot programs within the DACs. Public Participation hearings could supplement the community workshops, but should not be considered a stand-alone method of collecting feedback from the community. Hosting multiple community meetings and workshops and inviting a cross section of local residents, CBOs from the area and local government officials to participate is critical to gaining buy-in for the program and engagement from the community.

(ii) As stated in response to question (i) above, PG&E recommends general community meetings and workshops in communities with a proposed pilot or demonstration project due to their collaborative, inclusive format that supports community engagement.

(iii) DAC perspectives should be captured in community meeting summaries issued in the format of a report following community meetings.

PG&E believes it is important to ensure that a broad cross section of residents in DAC communities are afforded the opportunity to provide opinions on proposals. PG&E believes that multiple CBOs should be recruited to ensure more DACs are brought into the discussion. PG&E also suggests engaging local governments and other community stakeholders early in the process. Local governments will be a critical partner in ensuring the success and future replicability of these pilot programs.

**2. What criteria and process should be used to add or remove DACs from the list to be considered, or modify their listed characteristics?**

**PG&E Response 2.**

Phase I analyzed and designated 170 DACs that satisfied the statutory criteria set by Public Utilities Code section 783.5. A community should be added to the list of DACs once it meets the statutory criteria for inclusion. A motion should be required to modify the list of

DACs, and the motion should be supported by evidence demonstrating qualifications (or lack thereof) under the statutory criteria. A motion will allow for public notice and opportunity for comment before a community is unilaterally added or removed to the list of DACs.<sup>14/</sup>

- a. Should the natural gas service level listed for Coalinga be revised, because it is served by a publicly owned natural gas utility?**

**PG&E Response 2.a.**

Coalinga is a wholesale customer of PG&E. Coalinga owns its distribution system and takes service from PG&E transmission system to transport gas it buys from third parties to its customers. To PG&E's knowledge, Coalinga's utility serves customers within the city limits. PG&E is aware of households and other buildings outside the city limits, but has no data as to quantity, location, or dispersion. To the extent the service level identified for Coalinga did not consider this jurisdictional issue, it may be advisable to revise the service level to include only those potential customers outside the city limits of Coalinga. In addition, lessons learned from both DAC field research and from implementation of the pilots would be instructive for appropriate criteria and process going forward.

- b. Should the proceeding include DACs that are at least 25% CARE-eligible, but not necessarily 25% CARE-enrolled? During the PHC on June 9, 2017 the Parties generally agreed that inclusion of communities that are at least 25% CARE-eligible rather than a strict adherence to 25% enrolled is appropriate for this proceeding. Parties are to confirm their position in the case management statement.**

**PG&E Response 2.b.**

Yes, the proceeding should include DACs that are at least 25% CARE-eligible. Income threshold is one identifier of disadvantaged communities and, therefore, we should not exclude other low income communities from accessing a critical program like this.

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14/ PG&E notes that the Pilot Team's nomination of 11 DACs includes one community, Monterey Park Tract, that is not among the 170 communities designated as DACs in this proceeding. Only communities designated a DAC in Phase I of this proceeding should be considered for pilot projects.

- c. Should the proceeding include DACs that are served by a publicly-owned electric utility but are within the service territory of an investor-owned natural gas utility?**

**PG&E Response 2.c.**

The Commission should include in this proceeding the DACs that are served by a publicly-owned electric utility (POU), but limit participation by these DAC residents accordingly. Consistent with Commission practice, residents that are customers of and receiving electricity from a POU and natural gas from PG&E should be eligible to participate in gas related projects, but not electric projects.

- d. Other?**

**PG&E Response 2.d.**

PG&E does not have any other comments.

- 3. How should those DACs identified in the Phase I decision that are already fully served by natural gas be addressed in this proceeding? Should they be eligible for all program offerings, only some, or none? Should they receive a lower priority in program participation, to the extent applicable?**

**PG&E Response 3.**

PG&E agrees these questions raise significant concerns that should be resolved in this proceeding. The statute appears to deem all DACs eligible for some level of benefits, and it may prove difficult for participants in this proceeding to determine that some DACs are to be excluded from some or all of the benefits coming out of this proceeding.

- 4. Recommended proposed schedule for Phase II, including dates for completion of discovery/information gathering, service and filing of comments, additional prehearing conferences/status conferences, public participation hearings, community workshops, technical workshops, and evidentiary hearings.**

**PG&E Response 4.**

The Commission recognized that resolution of Phase II could have potential rate impacts. For this reason, PG&E recommends a procedural schedule that includes opportunity for party

evaluation and comment on the detailed pilot proposals, discovery, testimony and hearings,<sup>15/</sup> and a final decision approving of the pilots and approving of the reasonable recovery of costs of the pilots in rates.<sup>16/</sup>

**A. Proposed Schedule for Pilot Projects.**

<b>ACTIVITY</b>	<b>PROPOSED SCHEDULE</b>
Case Management Statement, containing initial pilot proposals and cost recovery proposals	September 20, 2017
Scoping Memorandum issued	October 6, 2017
Workshops relating to pilot project proposals (no limitation on number; identify number as warranted)	Sept. 20 – Nov 17, 2017
Public participation / community outreach events	Sept. 20 – Nov 17, 2017
Discovery period	Sept. 20 – Nov 17, 2017
Submission of final proposal(s) for pilots, following discovery, workshops, community input	December 8, 2017
Opening Testimony	January 12, 2018
Intervener Testimony	January 26, 2018
Rebuttal Testimony	February 16, 2018
Hearings	March 1-2, 2018
Concurrent opening brief	March 20, 2018
Concurrent reply brief	April 2, 2018
Proposed Decision on pilots and pilot cost recovery proposals	April 16, 2018

15/ PG&E does not currently request testimony and hearings, but it is appropriate to reserve time should parties desire to contest aspects of the pilots or cost recovery proposals.

16/ An application is a customary manner for utility to request a change in customer rates. Commission Rule of Practice and Procedure 3.2, titled, “Authority to Increase Rates,” provides a process for utilities to request “authority to increase rates, or to implement changes that would result in increased rates....” PG&E is amendable to a process that assures approval of cost recovery proposals prior to incurring cost to implement the pilot proposals.

Final Decision	30 days after Proposed Decision.
Implement Pilot(s)	After final Decision

### **B. Proposed Schedule for Data Gathering Projects.**

PG&E also seek assurances of recovery in rates for costs incurred relating to data gathering efforts currently identified or subsequently ordered in this proceeding. For this reason, the data gathering track should proceed on a procedural schedule similar to the pilot track above, in order that a final decision may rule upon recovery for the data projects.

In the alternative, ORA submitted a data gathering proposal with a proposed timeline. PG&E generally agreed with this schedule in its comments to the ORA Data Gathering proposal, with modifications to account for holiday schedules. The proposed schedule below uses a similar procedural framework initially suggested by ORA, although the schedule should specifically include a decision authorizing rate recovery for costs associated with this project.

<b>ACTIVITY</b>	<b>PROPOSED SCHEDULE</b>
Initial Proposal for data gathering (ORA)	June 30, 2017
Scoping Memorandum issued	October 6, 2017
Study manager identified	October 13, 2017
Study manager issues and completes request for proposal process for Study or identifies several potential consultants qualified to perform the work; selects consultant; announces selection in email communication to service list	November 17, 2017
Cost estimates provided by consultant; cost allocation and recovery methods decided; decision authorizing recovery of costs issued	December 1, 2017
Consultant completes Study including surveys, evaluations, data collections, and additional research (additional time provided to accommodate for holiday periods)	January 19, 2018
Draft Study results and findings served to the service list	February 3, 2018
Workshop presentation of Study results	February 9, 2018

Concurrent opening comments	February 16, 2018
Concurrent reply comments	February 23, 2018
ALJ Ruling entering final version of Study into record	March 9, 2018

**1. Other Topics as the Interest of Justice and Efficient Case Management Require.**

**PG&E Response 5.**

PG&E does not identify additional topics at this time however Southern California Gas Company has identified additional questions for consideration in this proceeding. PG&E has reviewed those questions, and PG&E generally agrees with inclusion of those questions within the scope of this proceeding. Southern California Gas Company's questions are as follows:

- Will all households in a DAC be eligible for an affordable energy solution or just those that are income-qualified?
- If only income-qualified households will get affordable energy, what level of income will be used for qualification?
- If only income-qualified households will get affordable energy, would tenant income be used for qualification or would owner income be considered?
- What formula will be used to determine 'cost-effective' and what factors will be used?
- If a household in a DAC is going to be provided affordable energy, and during the conversion to a different energy source structural issues are discovered in the household that prevent safe operation of appliances, would the homeowner be responsible for renovation costs necessary to bring the structure up to code?
- If no programs are found to be available for renovation costs necessary, should the IOU's propose new programs to address those costs?
- If no programs are found to be available to replace any (or all) the appliances in a DAC household during the conversion to a different energy source, would the homeowner be responsible for purchasing appliances?
- If no programs are found to be available to replace any (or all) the appliances should the

IOU's propose new programs to address those costs?

### III. CONCLUSION

PG&E appreciates the opportunity to provide this Case Management Statement to assist the Commission in analyzing economically feasible options to increase access to affordable energy in designated San Joaquin Valley DACs.

Respectfully Submitted,

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